

Message Text

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ORIGIN EB-11

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R 202234Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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E.O.: 11652, N/A

TAGS: ETRD, RP

SUBJECT: PROPOSED TEXTILE DISCUSSIONS

1. WHILE RECOGNIZING FACT THAT THERE HAVE BEEN LARGE SHORTFALLS IN PHILIPPINE EXPORTS COTTON TEXTILES TO U.S. UNDER COTTON TEXTILE BILATERAL, WE HAVE NOTED WITH CONCERN THE RAPID GROWTH OF EXPORTS OF MAN-MADE FIBER TEXTILES SINCE 1971. SINCE 1971, THE AVERAGE ANNUAL RATE OF INCREASE IN MAN-MADE FIBER TEXTILE IMPORTS FROM THE PHILIPPINES HAS BEEN ABOUT 35 PERCENT. MOST RECENT IMPORT DATA (YEAR ENDING MAY 1973) SHOWS CURRENT LEVEL AT 66 MILLION SYDS.

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2. THE CURRENT LEVEL OF EXPORTS OF MAN-MADE FIBER

TEXTILES TO THE U.S. FROM THE PHILIPPINES AND,
PARTICULARLY, THE RATE OF GROWTH OF THESE EXPORTS HAS
BECOME A MATTER OF CONCERN TO; (A) OUR OTHER FAR EASTERN
TRADING PARTNERS WITH WHICH WE HAVE BILATERAL AGREEMENTS

- ALL CONTAINING EQUITY CLAUSES AND, (B) TO OUR
DOMESTIC INDUSTRY. WE BELIEVE IT TO BE ONLY A MATTER OF
TIME BEFORE ONE OR MORE OF PARTIES TO OUR FAR EASTERN
MAN-MADE FIBER TEXTILE AGREEMENTS WILL INVOKE THE EQUITY
CLAUSE IN THOSE AGREEMENTS THEREBY FORCING THE U.S.

TO NEGOTIATE SOME FORM OF RESTRAINT OF PHILIPPINE EXPORTS
UNDER PRESSURE OR TO CONSIDER UNILATERAL ACTION IN ORDER
TO MEET THOSE EQUITY OBLIGATIONS.

3. WE BELIEVE THAT, WITH A VIEW TOWARD REACHING A
MUTUALLY ACCEPTABLE UNDERSTANDING WITH THE GOP IN THIS
SITUATION, THE TIME IS NOW PROPITIOUS TO TRY AND
ASCERTAIN WHETHER THERE ARE GROUNDS FOR A BILATERAL
ALL-FIBER TEXTILE AGREEMENT. WE FURTHER BELIEVE THAT
OUR RELATIVELY LIBERAL NEGOTIATING STANCE AT THIS TIME,
COULD PROVIDE SUFFICIENTLY LIBERAL AND FLEXIBLE TERMS
FOR A NEW ALL-FIBER TEXTILE AGREEMENT AS TO BE
ATTRACTIVE TO THE GOP.

4. EMBASSY REQUESTED APPROACH APPROPRIATE GOP OFFICIALS
AND INFORM THEM OF U.S. INTEREST IN UNDERTAKING A
TOUR D'HORISON OF TEXTILE TRADE PROBLEMS BETWEEN TWO
COUNTRIES. IN THE PAST, GOP HAS PREFERRED WASHINGTON
VENUE FOR SUCH TALKS AND, ACCORDINGLY, U.S. WOULD BE
PREPARED WELCOME A PHILIPPINE DELEGATION FOR SUCH
DISCUSSION IN WASHINGTON. WE HAVE A RELATIVELY
UNCROWDED SCHEDULE IN SEPTEMBER AND WOULD PREFER SOME
DATE IN THAT MONTH.

5. PLEASE REPORT GOP REACTION TELEGRAPHICALLY. RUSH

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